

Royal Coal Corp.

Condensed Interim Consolidated Financial Statements

March 31, 2020

(expressed in US dollars)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Royal Coal Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Royal Coal Corp.

Consolidated Statements of Financial Position

(expressed in US dollars)
(unaudited)

	Notes	As at March 31, 2020 \$	As at December 31, 2019 \$
Assets			
Cash		96,221	-
Liabilities			
Current			
Accounts payable and accrued liabilities		10,364	10,364
Advances payable	4	90,867	-
Due to related parties	5	70,377	28,965
		171,608	39,329
Shareholders' deficit			
Share capital	6	41,827,068	41,827,068
Contributed surplus		2,578,486	2,578,486
Deficit		(44,480,941)	(44,444,883)
		(75,387)	(39,329)
Total liabilities and shareholders' deficit		96,221	-
Going concern	2		
Approved by the Board:			
	A.T. Griffis Director	Elia Crespo Director	

The accompanying notes are an integral part of these financial statements.

Royal Coal Corp.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in US dollars)

(unaudited)

	3 months ended March 31,	
	2020	2019
	\$	\$
Expenses		
Public company costs	35,806	-
General and administration	251	-
	36,058	-
Loss and comprehensive loss	(36,058)	-
Loss per common share-basic and diluted	-	-
Weighted average number of common shares- basic and diluted	256,740,671	256,740,671

Royal Coal Corp.

Consolidated Statements of Changes in Equity

(expressed in US dollars)

(unaudited)

	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance, December 31, 2019	41,827,068	2,578,486	(44,444,883)	(39,329)
Loss	-	-	(36,058)	(36,058)
Balance, March 31, 2020	41,827,068	2,578,486	(44,480,941)	(75,387)
Balance, December 31, 2018	41,827,068	2,578,486	(44,422,054)	(16,500)
Loss	-	-	-	-
Balance, March 31, 2019	41,827,068	2,578,486	(44,422,054)	(16,500)

Royal Coal Corp.

Consolidated Statements of Cash Flows

(expressed in US dollars)
(unaudited)

	3 months ended March 31,	
	2020	2019
	\$	\$
Cash provided by (used in) operating activities		
Loss	(36,058)	-
Financing activities		
Advances payable	90,867	-
Advances from related parties	41,412	-
	132,279	-
Net change in cash	96,221	-
Cash, beginning of period	-	-
Cash, end of period	96,221	-
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

Royal Coal Corp.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2020
(expressed in US dollars)

1. Nature of operations

Royal Coal Corp. (the "Company") is a public company which has been inactive since 2012. The Company is incorporated under the laws of Ontario and its registered office is located at 100 King Street West, Suite 5600 PO Box 270, Toronto, Ontario, M5X 1C9.

2. Going concern

The Company is inactive and does not generate revenue. As at March 31, 2020, the Company had a working capital deficit of \$75,387 (2019 - \$39,329) and for the 3 months ended March 31, 2020, the Company incurred a loss of \$36,058 (2019 - \$Nil) and a cashflow deficit from operations of \$36,058 (2019 - \$Nil). The working capital deficit, losses and cashflow deficit from operations limit the Company's ability to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 15, 2020.

4. Advances payable

Advances payable are unsecured, non-interest bearing and due on demand.

5. Due to related parties

The amounts due to related parties are unsecured, non-interest bearing and due on demand:

	March 31, 2020	December 31, 2019
	\$	\$
A company controlled by 2 directors	27,470	8,657
A company controlled by an officer	4,720	4,720
A shareholder	38,187	15,588
	<u>70,377</u>	<u>28,965</u>

6. Share capital

Authorized

An unlimited number of special shares issuable in series

An unlimited number of common shares.

Issued

	Number of common shares	\$
Balance, December 31, 2019 and March 31, 2020	256,740,671	41,827,068

7. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities, advances payable and due to related parties

The fair value of accounts payable and accrued liabilities, advances payable and due to related parties approximated their carrying value due to the short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

8. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As the Company has no financial assets, the Company had no exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Foreign exchange risk

Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The Company's accounts payable and accrued liabilities and due to related parties are denominated in Canadian dollars.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is inactive and has no revenues, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.